



# Panhandle News

BENEWAH, BONNER, BOUNDARY, KOOTENAI & SHOSHONE COUNTIES

## EMPLOYMENT TRENDS

The Panhandle economy continues to thrive and receive more good news about its future prospects. With the exception of the region's long-term mainstays — logging and wood products — other industries are expanding. Fortunately, the bleeding in the logging and wood products industries is temporarily staunch. While construction remains the largest source of new jobs in all of the Panhandle counties, it is just one of many sectors that is growing. Perhaps most impressive is the strength of electronic, equipment, metal parts, plastic product and food product manufacturers in Bonner and Kootenai counties during the last few years at a time when the U.S. economy continues to lose manufacturing jobs.

The Panhandle's largest county, Kootenai, exhibits strong growth in many sectors as shown by Table 1. The Coeur d'Alene Metropolitan Statistical Area is comprised of just Kootenai County. All MSAs across the United States are made up of an entire county or a collection of entire counties.

The only sectors to show declines over the 12-month period are wood products manufacturing because of the closure of Stimson Lumber's Atlas mill on Jan. 1, 2006, transportation because of the reduction in logging and lumber shipping and information because of the loss of 20 telecommunications jobs.

After four years of strong job growth, Kootenai County's seasonally adjusted unemployment rate has hovered in a very low range between 3.3 percent and 3.9 percent since August 2005. The other Panhandle counties, except for Boundary, are experiencing unemployment rates at or near record lows. With manufacturing and construction generating hundreds of new jobs each year, Bonner County's unemployment rate has fallen close to the U.S. unemployment rate for the first time in at least three decades. In December, it

Panhandle Table 1: Coeur d'Alene MSA Labor Force & Employment Kootenai County

	Dec 2006*	Nov 2006	Dec 2005	% Change From	
				Last Month	Last Year
<b>INDIVIDUALS BY PLACE OF RESIDENCE</b>					
<i>Seasonally Adjusted</i>					
Civilian Labor Force	69,840	70,130	68,300	-0.4	2.3
Unemployed	2,650	2,560	2,660	3.5	-0.4
% of Labor Force Unemployed	3.8	3.7	3.9		
Total Employment	67,190	67,570	65,640	-0.6	2.4
<i>Unadjusted</i>					
Civilian Labor Force	69,940	70,220	68,650	-0.4	1.9
Unemployed	2,830	2,430	2,760	16.5	2.5
% of Labor Force Unemployed	4.0	3.5	4.0		
Total Employment	67,110	67,790	65,890	-1.0	1.9
<b>JOBS BY PLACE OF WORK</b>					
<b>Nonfarm Payroll Jobs** - NAICS</b>	55,270	55,650	53,060	-0.7	4.2
<i>Goods-Producing Industries</i>	11,030	11,220	10,530	-1.7	4.7
Natural Resources & Mining	500	510	450	-2.0	11.1
Construction	5,910	6,090	5,410	-3.0	9.2
Manufacturing	4,620	4,620	4,670	0.0	-1.1
Wood Product Manufacturing	930	930	1,050	0.0	-11.4
Other Manufacturing	3,690	3,690	3,620	0.0	1.9
<i>Service-Providing Industries</i>	44,240	44,430	42,530	-0.4	4.0
Trade, Transportation, & Utilities	10,290	10,290	10,080	0.0	2.1
Wholesale Trade	1,430	1,450	1,350	-1.4	5.9
Retail Trade	7,850	7,820	7,600	0.4	3.3
Transportation, Warehousing & Utilities	1,010	1,020	1,130	-1.0	-10.6
Information	970	970	990	0.0	-2.0
Financial Activities	2,940	2,920	2,860	0.7	2.8
Professional & Business Services	6,500	6,580	6,040	-1.2	7.6
Educational & Health Services	5,820	5,790	5,520	0.5	5.4
Leisure & Hospitality	6,440	6,560	6,220	-1.8	3.5
Other Services	1,410	1,410	1,390	0.0	1.4
Government Education	3,730	3,780	3,700	-1.3	0.8
Government Administration	5,420	5,420	5,080	0.0	6.7
Government Tribes	720	710	650	1.4	10.8

\* Preliminary estimate

\*\*Full- or part-time jobs of people who worked for or received wages in the pay period including the 12th of the month

was 4.5 percent, the same as the national rate. Shoshone County's unemployment rate, which exceeded 10 percent most of the time from 1982 through 2005, was 7.3 percent in December. Benewah County also often experienced double-digit unemployment rates during the previous 25 years, but its rate fell to 7.5 percent in December. Inclement weather and troubles in the lumber industry, following the loss of its largest employer in 2005, account for Boundary County's 9.1 percent unemployment rate in December. Despite its higher rate, it still is struggling with some of the same labor shortage and related housing affordability issues as the other Panhandle counties.

## AREA DEVELOPMENTS

### BENEWAH COUNTY

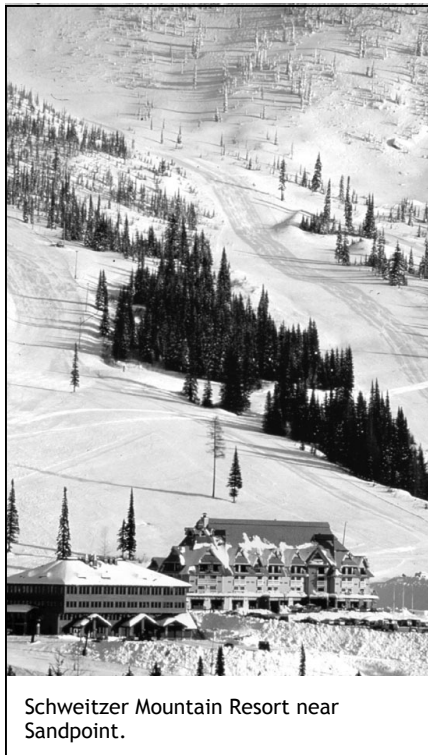
- **Handling Growth** — Benewah County recently received an Idaho Commerce & Labor grant that helps rural communities develop resources to deal with surrounding economic growth. The \$550,000 grant is being divided among 35 communities statewide that have shown the biggest needs. Timber Plus, the county's economic development group, hopes the money will target ordinance upgrades, training for planning and zoning officials and updating the county's comprehensive plan. The money may be used to create a process that developers can follow, providing a check list they need to follow for planning and zoning.

### BONNER COUNTY

- **Resort Invests in Winter Tourism** — Schweitzer Mountain Resort near Sandpoint is making a \$10 million investment this year, the largest it has ever made in a single year. It plans to replace Chair One, the lift that has been carrying skiers ever since the ski area opened in 1963. Chair One can transport 660 people an hour. When the ski season ends in April, Chair One will be torn down and two new high-speed lifts will carry more passengers at a faster rate — 3,200 people an hour. Schweitzer will spend \$6 million on the new lifts, which will be ready by Thanksgiving. The Basin Express, a quad chairlift, will take skiers and snowboarders to a midway station accessing intermediate terrain while the Lakeview Triple lift will begin at the midway station, reaching expert-level terrain at the top of the mountain in less than five minutes. The new lifts are expected to shorten wait times on the mountain. Shorter wait times should increase visits by skiers and snowboarders. Altogether, the new lifts, which will join five chairlifts and three surface lifts, will increase the resort's uphill capacity 28 percent from 9,267 people per hour to 12,807.

Schweitzer also plans to spend \$2 million on additional snowmaking and grooming equipment, hoping to guarantee opening on Thanksgiving Day every year. It also will spend \$2 million on a sewer upgrade for future real estate expansion. The resort recently opened Schweitzer Land & Timber Co. to sell a second phase of home sites in the Trappers Creek subdivision.

Schweitzer is Bonner County's largest tourist facility. In the winter, it employs more than 500 people. With-



Schweitzer Mountain Resort near Sandpoint.

out the visitors Schweitzer brings and the dollars it provides to its employees, Bonner County's retail, lodging, restaurant and service sectors would experience much greater drops in employment in the winter months. While many visitors have the impression that Bonner County's winter tourism season is larger than its summer tourism season, that's not true. Bonner County hotel-motel receipts for the first quarter of 2006, which would encompass most of ski season, were nearly \$3 million compared to \$6.3 million in the third quarter of 2006, which would encompass the busiest part of the summer season, according to the Idaho Travel & Convention Tax Report published by the Idaho Tax Commission. But without Schweitzer, the difference between first quarter and third quarter would be much greater. The three Panhandle counties without ski areas — Benewah, Boundary and Kootenai counties — had first quarter hotel-motel receipts of \$5.6 million compared to third quarter receipts of \$22 million. Receipts in the counties without ski areas were four times higher in the third quarter than in the first quarter. Receipts in Bonner County were a little more than twice as high in the third quarter than in the first quarter.

- **Litehouse Starts ESOP** — Litehouse, Bonner County's largest manufacturer and the nationally known maker of refrigerated salad dressings and dips, announced in December that it will become an employee-owned company. The privately-held family firm, created by the Hawkins family 40 years ago, sold 30 percent of its stock to an Employee Stock Ownership Plan. The shares will be held in trust for workers, who will accrue them over time through vesting. At this time, the Hawkins family still has controlling interest in Litehouse. The long-term plan is to sell the majority interest to the employee ownership plan, which will make the employees the company's majority owners.

For Litehouse's 539 employees in Sandpoint and in Lowell, Mich., the creation of the stock ownership plan means their jobs will remain in their communities. If the family had sold the company, which had revenues of \$113 million last year, it is very likely that the production and distribution facilities would have been moved elsewhere.

- **Brewing Up Sales** — Laughing Dog Brewing opened in August 2005 in a 5,000-square-foot facility at the industrial park in Ponderay. Now the microbrewery

plans to double its production to 2,000 barrels of beer this year and turn its first profit. Owner Fred Colby says half of the brewery's beer is consumed in Bonner and Boundary counties and the rest in other counties in Idaho and Washington. The beer's great taste and a label featuring a happy Labrador retriever are creating considerable attention, and Information Resource Inc. recently named two of Laughing Dog's beers — its cream ale and IPA — among the nation's 15 top-selling new craft-beer brands in 2006. The competition included some very large breweries like Deschutes, Widmer and Samuel Adams. With sales distribution now reaching Seattle and Boise, Colby expects to be selling beer in Oregon and Montana by the end of the year.

#### **KOOTENAI COUNTY**

- ***Rising Spirits in Spirit Lake*** — Spirit Lake, a town of more than 1,500 residents in northwestern Kootenai County, will celebrate its centennial in January 2008, and its first 100 years appear to be ending on a high note. The town's population is growing, new businesses are popping up, its library will double in size when expansion is completed in October, and its chamber of commerce is thriving and just opened an office with a visitor's center. After several decades with a population hovering around 700, Spirit Lake has grown from 790 in 1990 to 1,376 in 2000. The U.S. Census Bureau says its 2005 population was 1,500. By the end of this year, its population is likely to be double its 1990 level. Idaho Commerce & Labor statistics illustrate the town's economic growth. Between 2000 and 2006, the number of employers in Spirit Lake increased from 41 to 68, and the number of nonfarm payroll jobs has increased from about 200 to 380. The newly revitalized chamber wants to increase the town's visibility while maintaining its tight-knit community atmosphere. It will open a Treasures and Farmers Market on Maine Street to run Fridays and Saturdays from May 4 through Sept. 29. Among new businesses coming to Spirit Lake are the office of dentist Terry DeVore, an Inland Northwest bank branch, a Mexican restaurant and a bookstore and coffee shop owned by Jonathan Zucker.  
Developer John Sempere, who owns several pieces of property in Spirit Lake, has big plans for the town including a golf course and other projects that will be announced later. Upcoming development is expected to add hundreds of homes.
- ***Bus Service Adding Links*** — Northern Idaho's CityLink bus system will expand this spring to serve neighborhoods, senior centers, medical services, education and shopping in the Coeur d'Alene, Hayden and Post Falls areas. In late March, the free bus service will offer 27 flag stops in the urban area loop. Flag stops

allow riders to catch the bus by waving or "flagging" it down.

The 18-month-old bus system, created by the Coeur d'Alene Tribe, is paid for with \$1.38 million in federal grant money, \$500,000 from the Idaho Transportation Department and \$1.38 million from the tribe. It currently operates three routes with 23 total stops — the urban route connecting Coeur d'Alene, Post Falls and Hayden; a rural route through Tensed, DeSmet, Plummer and Worley and a link between those two routes. Eventually, the tribe hopes to expand links to communities in the Silver Valley, Sandpoint and Lewiston areas.

CityLink operates daily, 22 hours a day. The buses carry 14 to 34 passengers and include wheelchair lifts and bike racks. For details on routes and schedules, visit <http://www.idahocitylink.com> or call (877) 941-7433.

- ***Empire Aerospace Soars*** — Empire Aerospace, the aircraft maintenance company at the Coeur d'Alene Airport in Hayden, recently landed a 12-month contract to modify and upgrade 31 Q400 turboprop airplanes owned by Horizon Air. Empire will make modifications in the frames of 18 planes, outfit all the planes with the latest electronics and make cosmetic improvements on a few of them. The work will be done at the former Air National Guard Hangar at Spokane International Airport. This is Empire's first contract with Horizon and could lead to a long-term relationship.
- ***100 Years of Hudson's*** — The Idaho Legislature recently commended a 100-year-old, family owned business in downtown Coeur d'Alene. Hudson's Hamburgers is a long-time feature of downtown that began as a "quick eats" stand in a tent in 1907. Today, locals and tourists alike crowd into the restaurant where the only seats are 18 stools around the counter. They can order one of only four items on the menu — hamburgers, ham-and-egg sandwiches, slices of pie and beverages. About 15 years ago, USA Today named Hudson's as one of the best places in the U.S. to get a hamburger. The only picture for the cover story was Hudson's.
- ***New Businesses*** — Hayden Creek Plaza consists of two buildings, 25,000-square feet each, in Hayden. The plaza's first tenant was Just Because, an upscale women's clothing store. In December, Rosalie Alexander opened Storybook Bridal Boutique. In addition to bridal gowns, the boutique also offers clothing, accessories and gifts for other women and girls in the bridal party or other special occasions. The plaza's newest tenant is Exercise Institute, which recently opened in a 1,300-square-foot space full of exercise

equipment for weight loss and fitness. Among tenants planning to move there soon are Club Tan with 10 tanning beds and a gift shop featuring women's swimwear and toe rings, Hayden Creek Coffee, a coffee shop and North Country Traders featuring vases, baskets, wall art and rugs.

- Coeur d'Alene is home to several new businesses. Inspired American Décor, which sells furniture and home décor, opened before Christmas next to Granny's Wild Geranium on West Appleway. Iron Temple, a gym specializing in hard-core strength training and body building, recently opened on North Government Way. Wingstop, a Texas franchise specializing in Buffalo wings, recently opened its first Northwest restaurant in the new addition to Town Center. Besides offering nine flavors of wings, the 38-seat restaurant serves chicken strips and a wide range of side dishes. It employs 16 people.
- Post Falls welcomed several new businesses in the last couple of months. Julie Hamon opened A Cut Above, a full-service salon also offering photo imaging. Donut House II moved into a former house behind the White House Grill at Seltice Way and Spokane Street where its five employees serve doughnuts, muffins, croissants, bagels and coffee. Spokane Teachers Credit Union opened its first northern Idaho branch — an 18,000-square-foot facility with two drive-throughs that employs 16 people. A Duffy's Electric Boats franchise recently opened, offering electric boats that can cruise for 10 hours on a recharge that uses less than \$1 worth of electricity. The boats travel at a slow pace — about 7 miles per hour — and are considered relatively low-maintenance.

#### SHOSHONE COUNTY

- **New Jobs at the Coeur and Galena** — With silver prices around \$14 an ounce, the Coeur Mine may rise again. U.S. Silver Corp., which purchased the Coeur and the Galena mines last summer from Coeur d'Alene Mine Corp., plans to spend \$1.5 million this year to restart the ore-processing mill at the Coeur and explore for silver and lead ore in the mine, which has been closed since 1997.

The nearby Galena Mine and mill, which were operating at the time of the purchase, currently employ about 140 people. Traditionally, the Galena has primarily produced silver and copper. With lead prices rising, the Galena now is extracting more silver-lead ore. The Galena's mill specializes in processing silver-copper ore so the Coeur mill will focus on silver ore with high lead content when it reopens this summer.

Exploration activity at the Coeur could help evaluate the possibility of reopening the mine now that metal prices are so high.

U.S. Silver plans to hire 15 people to reopen the mill and start exploration efforts.

- **More Luck for the Lucky Friday** — Hecla Mining, the 116-year-old mining company based in Coeur d'Alene, is considering a capital outlay of up to \$200 million at its Lucky Friday Mine near Mullan. That could boost its silver production by 80 percent. The underground mine will produce about 3.5 million ounces of silver this year at a cost of about \$4 per ounce. With a new mill and two new shafts, the Lucky Friday could produce up to 6 million ounces this year before opening up additional unexplored areas.

Any expansion at the Lucky Friday would be a great benefit to Shoshone County. With 210 employees currently, the Lucky Friday is the second largest private-sector employer in Shoshone County. The capital investments could extend the mine's operating life and create dozens of high-paying jobs.

In addition, Hecla is considering the potential for new mines in the 40 square miles that it owns in the Silver Valley. This is the first time in 50 years that a generative exploration program has been conducted on those properties. Hecla President Phillips Baker Jr. believes that the Silver Valley is one of the most under-explored silver mining districts in the U.S. and wonders about the potential for discovering another Lucky Friday, Sunshine or Bunker Hill, three of the most productive mines ever.

- **New Business** — The Jackass Saloon opened after Christmas in the former remodeled Rio Bar in uptown Kellogg. Owners Gabe Nybo and Chris Trina moved to Kellogg after a 2002 ski trip to Silver Mountain that made them fall in love with the Silver Valley. The smoke-free bar is named for the old Jackass Ski Bowl, which became the Silver Mountain Resort after the gondola opened in 1990 and the ski terrain was significantly expanded. The bowl got its name from the legendary donkey that played a role in discovering the Bunker Hill mine when it wandered off in September 1885. The owner, Noah Kellogg, found it eating on an outcropping of galena which became the site of the Bunker Hill and Sullivan mines. Noah Kellogg and other prospectors of his era would have been astounded to find the smoke-free saloon that includes five 42-inch flat-screen televisions. They probably wouldn't be as surprised by the billiards table, mahogany bar and lounge area with a couch and fireplace.

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